17

FILED
MAR 27 1942
CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 1078

NATIONAL ELECTRIC PRODUCTS CORPORATION,
Petitioner,

vs.

TRIANGLE CONDUIT & CABLE CO. INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT AND BRIEF IN SUPPORT THEREOF

DEAN S. EDMONDS,
Counsel for Petitioner.

JOHN HOXIE,
W. PETERS BLANC,
Of Counsel.

INDEX

	PAGE
Petition	1
Summary Statement of the Matter Involved	2
Basis of Jurisdiction	4
The Question Presented	5
Reasons for Allowance of the Writ	5
Brief in Support of Petition	7
The Opinions Below	7
Jurisdiction	7
Statement of the Case	7
Specification of Error	7
Summary of Argument	7
Argument	8
I. The question presented is important and should be reviewed by this Court because the decision below defeats the policy which favors joinder of actions and establishes a rule which will result in a needless multiplicity of actions, in patent and other matters alike	8
II. The question presented is important and should be reviewed by this Court because the decision below deprives district courts of discretionary power to evaluate the relative desirability of adjudicating a controversy in a declaratory action or in a later executory action, a power which is essential to a proper administration of the courts	12
III. There is conflict between the decision of the Circuit Court of Appeals in the instant case and decisions of the Circuit Courts of Appeals for the Fourth and Seventh Circuits	16
Conclusion	20
Appendix	21
Patent Marking and Notice Statute	21
Opinion, Aeticarbone Corp. vs. National Carbon Co., Inc.	22

Table of Cases

PAGES

Acticarbone Corp. v. National Carbon Co., Inc., Decision unpublished—see appendix 20

Aetna Casualty & Surety Co. v. Quarles, et al., 92 F. (2d) 321 ..... 5, 17

Aetna Life Ins. Co. v. Haworth, 300 U. S. 227 14

American Automobile Ins. Co. v. Freundt, et al., 103 F. (2d) 613 ..... 5, 19

E. W. Bliss Co. v. Cold Metal Process Co., 102 F. (2d) 105 14

Crosley Corp. v. Hazeltine Corp., 122 F. (2d) 925 10

Franklin Brass Foundry Co. v. Shapiro & Aronson, 278 Fed. 435 11

Hazeltine Corp. v. Radio Corp. of America, 20 F. Supp. 668 11

Lances v. Letz, 115 F. (2d) 916 14

Ohio Casualty Ins. Co. v. Murphy, et al., 28 F. Supp. 252 20

U. S. Fidelity & Guaranty Co. v. Koch, 102 F. (2d) 288 ... 14

Statutes Cited

R. S. 4900 (35 U. S. Code, Sec. 49) (printed in full herein at p. 21) 2

Judicial Code, Sec. 240 (a) (28 U. S. Code, Sec. 347) 4

36 Stat. 1091, Sec. 48 (28 U. S. Code, Sec. 109) 9

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

NATIONAL ELECTRIC PRODUCTS CORPORATION,
Petitioner,

vs.

TRIANGLE CONDUIT & CABLE CO., INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI

To the Honorable, The Chief Justice and the Associate Justices of the Supreme Court of the United States:

Petitioner, National Electric Products Corporation, asks that a writ of certiorari be issued directed to the United States Circuit Court of Appeals for the Third Circuit to review the judgment of that court entered in this case on February 10, 1942. (R. 57)

A certified transcript of the record in the case has been filed; also, pursuant to stipulation, and as the contents of the printed record relied on in this Court, a certified copy of the appendices of the briefs in the court of appeals, together with a certified copy of the record of proceedings in that court.

Summary Statement of the Matter Involved

This is an action for a declaratory judgment brought by respondent, Triangle Conduit & Cable Co., against petitioner in the United States District Court for the District of Delaware for an adjudication of patents owned by petioner. The patents deal with electrical wires and cables and with methods and machines used in making wires and cables, the business in which both parties are engaged as competing manufacturers.

The questions presented here arose on a motion by respondent for an order restraining petitioner, pending disposition of this action, from prosecuting an executory action brought by it in the Southern District of Michigan against respondent and against Sears, Roebuck & Co., one of respondent's largest customers, for patent infringement. The district court denied respondent's motion (R. 28-30) and the court of appeals affirmed this ruling (R. 41-45). On rehearing, however, the court of appeals withdrew its original opinion and reversed the ruling of the district court. It directed that petitioner's action against respondent in Michigan be restrained but left petitioner free to prosecute its action against Sears, Roebuck & Co. after severance. (R. 54-57)

The circumstances of the case are as follows:

In the latter part of December, 1940, it came to petitioner's attention that respondent was manufacturing wire and cable that infringed patents owned by petitioner and that the infringing products were being sold by one of petitioner's largest competitors, Sears, Roebuck & Co. After investigation of the situation counsel prepared formal notices of infringement pursuant to R. S. 4900 (35 U. S. Code, Sec. 49) which were approved by petitioner on January 8, 1941. At the same time petitioner gave unqualified instructions to bring suit for infringement within a reasonable time if no satisfactory replies were received. Steps were taken at once toward that end, including the drafting of a

complaint, investigation of facts establishing proper venue and formal proof of infringement. (R. 31-34)

On January 9, 1941, these notices of infringement were sent to respondent and to Sears, Roebuck & Co. No acknowledgment was made by respondent, but on January 16, 1941, one week after the notice was sent, respondent instituted the present declaratory judgment suit against petitioner in the United States District Court for the District of Delaware. Sears Roebuck did not join with respondent in this action. Petitioner proceeded with its original intention and on February 3, 1941, brought its action against respondent and Sears, Roebuck & Company in the southern division of the eastern district of Michigan where both parties could be joined, seeking against each an injunction and an accounting of profits and damages (R. 16-23; 31-34).

Thereupon, respondent filed the instant motion to restrain petitioner from proceeding with the Michigan case. On April 22, 1941, Judge Nields in the district court denied respondent's motion, finding that respondent had not been the object of harassment and had no reason to fear a campaign of intimidation; that petitioner had the right to seek relief from infringement in Michigan; and that full relief could be had only in that action (R. 28-29).*

On November 19, 1941, the court of appeals below filed an opinion affirming the ruling of the district court (R. 41-44). In that opinion the court found as fact that petitioner's Michigan suit against Sears, Roebuck was a bona fide controversy with a very large infringer and not a mere device to evade the Delaware court's jurisdiction, and that inasmuch as the cause of action against Sears, Roebuck was not included in the declaratory judgment action before the Delaware court, "it is clear that the Michigan Court

---

*A similar motion for a stay of the infringement action, addressed to the District Court of Michigan itself, was denied by Judge Moinet on May 1, 1941 (R. 39-40).

alone can dispose of the entire controversy presented in the suit pending before it." The court accordingly concluded that the district court had not abused its discretion in refusing to enjoin the prosecution of the infringement suit in Michigan, intimating that under the circumstances it would be proper to dismiss the declaratory action.*

Notwithstanding these findings, which remained unaltered, on rehearing the court of appeals below reversed its former conclusion and held that "*Regardless* of the presence of the cause of action against Sears, Roebuck & Company in the infringement suit in the Eastern District of Michigan *it was the duty of the court below* to enjoin National from proceeding with the cause of action stated in that suit against Triangle until after the present declaratory judgment action has been decided" (R. 56, emphasis ours). It is that decision which we seek to have reviewed in this Court.

Basis of Jurisdiction

The jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by the Act of February 13, 1925, c. 229; 28 U. S. C. § 347.

The judgment of the Circuit Court of Appeals of the Third Circuit which petitioner seeks to have reviewed was entered on February 10, 1942 (R. 57).

---

*This question was and still is before the district court on petitioner's motion to dismiss or stay the amended complaint in the declaratory action. Due to unexpected delays in the district court this motion has not yet been heard and consequently is not directly before the Court at the present hearing. The substance of the present case, however, involves the question whether under the circumstances preference should be given to the infringement suit or the declaratory action, and this was recognized by the court below.

The Question Presented

Should an executory action be restrained in favor of a declaratory action as a matter of law in all cases where priority of the declaratory action appears, regardless of the fact that retention of the declaratory action will require duplicate trials and piecemeal settlement of a controversy which could be disposed of in its entirety as to all parties by a single trial of the issues in the executory action?

Reasons for Allowance of the Writ

The reasons for allowance of the writ are:

1. The court of appeals below has decided an important question of federal law which has not been, but should be, settled by this Court. The question is important because:

   a. The decision below defeats the policy which favors joinder of actions and establishes a rule which will result in a needless multiplicity of actions, in patent and other matters alike.

   b. The decision below deprives district courts of discretionary power to evaluate the relative desirability of adjudicating a controversy in a declaratory action or in a later executory action, a power which this Court has said they possess and which is essential to a proper administration of the courts.

2. The circuit court of appeals below has rendered a decision in conflict with the decisions of other circuit courts of appeals. The conflicting decisions are those of the Courts of Appeals for the Fourth and the Seventh Circuits in:

   Aetna Casualty & Surety Co. v. *Quarles, et al.*, 92 F. (2) 321, C. C. A. 4.

   American Automobile Insurance Co. v. *Freundt, et al.*, 103 F. (2) 613, C. C. A. 7.

WHEREFORE it is respectfully submitted that this petition for a writ of certiorari to the Circuit Court of Appeals for the Third Circuit should be granted.

DEAN S. EDMONDS,
Counsel for Petitioner.

JOHN HOXIE,
W. PETERS BLANC,
Of Counsel.

Dated: New York, N. Y., March 26, 1942.